The multiple roles of mega-events: mega-promises, mini-outcomes?

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Sport is a global phenomenon engaging billions of people and generating annual revenues of more than US$145 billion. Problems in the governance of sports organisations, the fixing of matches and the staging of major sporting events have spurred action on many fronts. Attempts to stop corruption in sport, however, are still at an early stage.

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This GCR provides essential analysis for understanding the corruption risks in sport, focusing on sports governance, the business of sport, the planning of major events and match-fixing. It highlights the significant work that has already been done and presents new approaches to strengthening integrity in sport. In addition to measuring transparency and accountability, the GCR gives priority to participation, from sponsors to athletes to supporters – an essential to restoring trust in sport.

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"At last a truly comprehensive, critical and impassioned look at the whole range of governance and corruption issues that have engulfed global sport. For those that want to know what has been going on, why, and how to do something about it, this book will be their first point of call."
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ROUTLEDGE

3.1

The multiple roles of mega-events

Mega-promises, mini-outcomes?

Martin Müller[1]

There was once a time when a sports event was just that: an occasion at which athletes met to see who could run faster, jump higher, throw the javelin further. Today, sport remains the anchor of the Olympic Games, the football World Cup and other mega-events – but it has become a sideshow in many other senses. Of about 360,000 accredited personnel at the London Olympic Games in 2012, fewer than 3 per cent were athletes.[2] Although the number of athletes at the Summer Olympic Games has hovered at around 10,000 for the past 20 years, the number of media representatives has almost doubled, while that of security personnel has trebled.[3] Neither does expenditure for venues and sports-related infrastructure continue to be the most expensive item in the budget. Investment in transport infrastructure or the upgrading of neighbourhoods eclipses money spent on sports, sometimes by several times.[4] Barcelona, for example, allocated 83 per cent of its budget for the 1992 Summer Olympics to urban improvement, not to sport.[5]

Large sports events come in different shapes and sizes. They can be classified into three tiers: major events, mega-events and – for the largest of them – giga-events. Size is measured with four indicators: the number of visitors, the value of broadcasting rights, the total cost and the capital investment (see Tables 3.1 and 3.2; Figure 3.1). The Summer Olympic Games and

Size	**Visitor attractiveness** Number of tickets sold	**Mediated reach** Value of broadcast rights	**Cost** Total cost	**Transformation** Capital investment
XXL (3 points)	> 3 million	> USD 2 billion	> USD 10 billion	> USD 10 billion
XL (2 points)	> 1 million	> USD 1 billion	> USD 5 billion	> USD 5 billion
L (1 point)	> 0.5 million	> USD 0.1 billion	> USD 1 billion	> USD 1 billion

Giga-event: 11–12 points total
Mega-event: 7–10 points total
Major event: 1–6 points total

Table 3.1 Scoring matrix for event classes according to size

Event	Location	Visitor attractiveness Number of tickets sold	Mediated reach Value of broadcast rights	Cost Total cost	Transformation Capital investment	Total	Class
Olympic Games	**London 2012**	3	3	3	2	11	**Giga**
Euro	**Ukraine/Poland 2012**	2	2	3	3	10	**Mega**
Football World Cup	**South Africa 2010**	3	3	2	2	10	**Mega**
Expo	**Shanghai 2010**	3	0	3	3	9	**Mega**
Asian Games	**Guangzhou 2010**	2	0	3	3	8	**Mega**
Olympic Winter Games	**Vancouver 2010**	2	2	2	1	7	**Mega**
Commonwealth Games	**Delhi 2010**	2	0	2	2	6	**Major**
Universiade	**Kazan 2013**	1	0	2	2	5	**Major**
Rugby World Cup	**New Zealand 2011**	2	2e	0	0	4	**Major**
Pan American Games	**Guadalajara 2011**	1	0	0	0	1	**Major**
Super Bowl	**New Orleans 2013**	0	1	0	0	1	**Major**

Table 3.2 Size classification of elected events

Source: Martin Müller, 'What makes an event a mega-event? Definitions and sizes', *Leisure Studies* (2015), http://dx.doi.org/10.1080/02614367.2014.993333.
Note: e = estimate

the football World Cup are almost always the largest sports events according to these indicators, followed by the European Football Championship, the Winter Olympic Games and regional games such as the Asian Games or the Commonwealth Games.[6]

No matter the size, almost all large sports events are meant to play multiple roles beyond their primary one as sports happenings. Promoters often regard them as panacea for all kinds of social, political and economic ills. By hosting them, cities seek to reinvigorate languishing neighbourhoods; regions want to build infrastructure and boost economic growth; countries are keen to signal diplomatic stature and attract tourists; political parties strive to excite their electorate; and companies hope to fill their order books. But the grand ambitions are often not matched by the outcomes.

Economic stimulus

The expected economic impact forms an essential part of justifying bids for large sports events. The unanimous message of studies before events is that they stand to generate jobs, additional tax income and economic growth for the host region; this is a claim that almost never materialises, however. For the 1994 football World Cup in the United States,

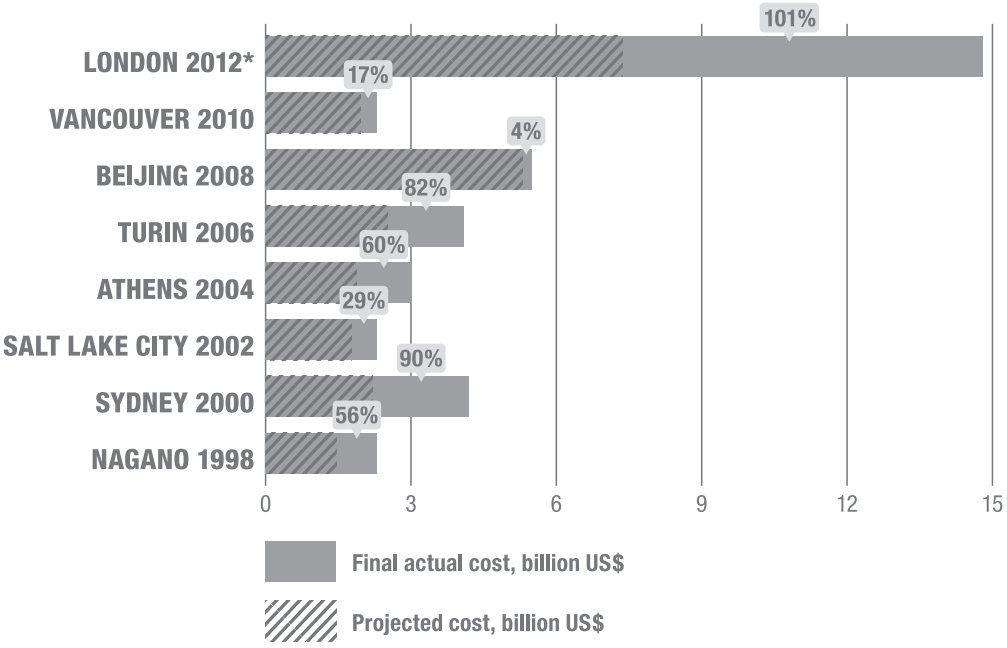

Figure 3.1 Sports-related cost overruns, 1998–2012 Olympics.

Source: Bent, Flyvbjerg and Allison Stewart, *Olympic Proportions: Cost and Cost Overrun at the Olympics 1960–2012*, working paper (Oxford: Saïd Business School, University of Oxford, 2012).

for example, studies commissioned by event promoters predicted a net economic gain of US$4 billion for the host cities. An independent examination after the event revealed that the net economic impact was, in fact, negative, and placed it in the region of US$5.5 to US$9.3 billion.[7]

One problem with predicting economic impact is that *ex ante* studies operate with overly optimistic assumptions to arrive at the desired results and sell the event to the public.[8] After all, public approval is crucial, as both a requirement for bidding and for potential referenda.[9] Once the event is over, few care to follow up on the initial estimates. The 'lowballing' of costs is particularly widespread. The Olympic Games, for example, have an average cost overrun of 79 per cent – much more than any other type of large project (see Figure 3.1).[10]

Such underestimation of costs skews cost–benefit calculations before the event. Even when the economic tally of large events may be positive, however, events may not constitute the best use for public money, since other investment opportunities may create higher returns. This is a question that studies of economic impact do not examine but that would have to form part of a balanced assessment of costs and benefits. Arguably, it is more beneficial for society if tax revenue is returned to taxpayers.

Image booster

Where economic growth is a tangible benefit, image improvements are the most frequently cited intangible benefits accruing from large events. Brands such as the Olympic Games or

the football World Cup enjoy unrivalled recognition and positive associations. Thus, 93 per cent of the population recognise the Olympic rings and 73 per cent think that hosting the Olympics leaves the host city with many benefits.[11] Cities and countries hosting large sports events seek to benefit from linking themselves with these brands – a phenomenon also known as co-branding – and from the public attention that events generate, placing them in the global limelight. Who in Western countries would have known about Sochi before the 2014 Winter Games, or about the rich cultural heritage of Lviv, Ukraine, before the 2012 European Football Championship?

This putative intangible benefit is much coveted in the global attention economy. But, while some studies show that hosting a large event can create positive associations and an increase in name recognition,[12] others find that negative perceptions prevail if a country's dirty laundry is exposed to the world.[13] Thus, China and Russia saw coverage of human rights abuses and corruption during the run-up to their hosting the 2008 Summer and 2014 Winter Olympic Games, respectively.[14] Finally, large events are short-lived and follow in close succession, so the long-term image benefits remain uncertain and effects may often be short-lived.[15] Once the event is over, attention declines as the spotlight moves on to the next host, and positive associations tend to decrease, as it often becomes clear that expectations were too overdrawn in comparison with the actual benefits.[16] It is also unclear whether a better image and higher awareness translate into tangible benefits such as higher growth.

Tourist attraction

Cities and countries speculate that the global attention that large sports events generate will attract visitors, not just for the event itself, but also in the long run. Experts point to the 'Barcelona model', whereby the 1992 Summer Olympics were part of a larger package of urban renewal that turned the city into a top tourist destination.[17]

On average, large events do indeed boost tourism to host countries. One study finds an increase of 8 per cent in the year of the event.[18] This boost occurs only for the largest events, however, and only during the off-season, when event visitors do not crowd out other tourists. In destinations such as London, that already run close to full capacity, large events tend to displace other tourists rather than add significant additional demand. In the majority of cases, there is also an increased tourist inflow before the event, though not afterwards. This suggests that an event itself is not enough to radically alter the tourism growth path of a city or country.

Infrastructural catalyst

The large numbers of visitors, journalists, officials and athletes who descend on event hosts place high demands on the urban infrastructure. Among the key requirements are high-capacity airports and public transport systems, high-bandwidth information and communication technology infrastructure, a reliable energy supply and hotel accommodation in different service classes. When this infrastructure does not exist, it needs to be built. This is why some claim that large events can become catalysts for a city, 'accelerat[ing] its infrastructural development by up to 10 years'.[19] Often cities can use events as levers to extract funding from the central government and the taxpayer. This was the major reason the then mayor of London, Ken Livingstone, was interested in the 2012 Summer Olympics: 'I didn't bid for the Olympics because I wanted three weeks of sport. I bid for the Olympics because it's the only way to get the billions of pounds out of the Government to develop the East End.'[20]

Events and their immutable deadlines create a sense of urgency and political consensus among often warring political parties, thus speeding up the delivery of infrastructure. What is built is not necessarily what a city needs, however, or what city leaders promised.[21] Events often hijack urban planning, imposing event-specific requirements that do not tally with master plans, thus altering rather than merely accelerating infrastructural development – a phenomenon known as 'event takeover'.[22] When deadlines are looming and funding is running out, it is more likely that the stadium will be finished than the new bus line.

Conclusion

Large sports events are increasingly about things other than sport. The plethora of promises and expectations that a wide variety of actors – athletes, sponsors, citizens, businesses and governing bodies such as the International Olympic Committee and Fédération Internationale de Football Association – associate with events has invariably led to disappointment. If there is one constant in the hosting of large events, it can be reduced to the formula 'Overpromise, underdeliver'. As costs continue to grow, promises of what large events can achieve are becoming even grander. Despite 'boosterist' claims to the contrary, Olympics, World Cups and so on are inferior as strategies of urban and economic development. In this sense, sports events remain primarily what they have always been: great spectacles.

Notes

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